

2016

Workplan

USEITI

The United States Extractive Industries
Transparency Initiative

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1. BACKGROUND

In 2011, President Obama announced the U.S. government's intention to implement EITI as a signature effort of the U.S. National Action Plan for the Open Government Partnership. Transparency, accountability and public trust are key pillars in carrying out the mission of the Department of the Interior (DOI) to manage the vast public estate containing valuable minerals, oil and gas, forestry, fish, wildlife, and recreational resources, and to fulfill trust obligations to Native Americans. Therefore the President named the Secretary of the Interior as the senior U.S. official to oversee implementation, and the Secretary committed to work alongside civil society and industry to carry out USEITI. Within DOI, the Office of Natural Resources (ONRR)¹ provides direct support for USEITI implementation, coordinates the efforts to convene the Multi-Stakeholder Advisory Group (MSG), and manages the efforts of the USEITI Secretariat. ONRR, with advice from the MSG, will manage the USEITI Independent Administrator contract.

In December 2012, following a comprehensive stakeholder assessment and call for nominations, the Secretary of the Interior formed the USEITI Multi-Stakeholder Group Federal Advisory Committee (MSG). The USEITI Candidacy Application of December 2012, included the first MSG approved Country Work Plan. The U.S. achieved "Candidate Country" status in March 2014. The USEITI is on track to produce its first EITI Report within two years (March 2016) and complete the requirements to achieve "Compliant" status and commence a "validation" process within three years (March 2017). The timeline calls for the Department to produce the first USEITI Report by December 2015, a second Report by December 2016, and become a compliant country no later than the March 2017 deadline.

The U.S. can benefit from EITI implementation in several ways. First, EITI can help to build more transparent relationships between industry and the public and foster greater public trust around resource governance. Additionally, EITI provides an opportunity for the U.S. to lead by example in its efforts to promote global institutions that are more transparent, effective, and accountable. USEITI offers stakeholders a means to influence how government and industry report extractive revenues. Ultimately, USEITI provides the American people with better access to the data and information necessary to improve public discourse around extractive revenues.

This 2014 Workplan reflected the International Secretariat's guidance to implementing countries issued in the April 2014, Guidance Note 2: Developing and EITI Workplan. Enhancements to the previous Workplan in tabular format include: identifying challenges and obstacles, where they exist, with particular activities; associating outcomes with activities; describing the national priorities and reforms; and providing a timeline for activities and tracking when those activities are completed. The Workplan improvements now also reflect national priorities and reforms. While USEITI maintains the original seven objectives of the Workplan there are numerous additional components reflecting MSG 2015 goals and implementing actions associated with the process. For example there are four public meetings of the MSG in 2015 (February, May, September and December) and each results in recommendations and action items to work towards fully implementing the EITI Standard requirements. The MSG meetings, Agendas and minutes are posted on the USEITI website found at <http://www.doi.gov/eiti/FACA>. The

¹ ONRR is responsible for the management of the majority of revenues associated with Federal offshore and Federal and American Indian onshore mineral leases, as well as revenues received as a result of offshore renewable energy development. This revenue management effort is one of the Federal government's greatest sources of non-tax revenues. Additional information can be found online at www.ONRR.gov

USEITI Workplan is an iterative process. Each year the MSG will redefine the annual goals and components of the Workplan including as well the communications and outreach strategy.

2. NATIONAL PRIORITIES AND OBJECTIVES² AND OTHER REFORM PROCESSES

The U.S. national objectives for implementing the EITI standard are rooted in the fundamentals of the Open Government Partnership, predicated on nobody having a monopoly on wisdom; the importance of civil society and the private sector having significant inputs into the decision making that governments do; and predicated on a certain philosophy, which is that we have a responsibility to advance the interests of our citizens. Simply stated the national objectives are to:

- Increase citizen participation;
- Increase collaboration;
- Increase government transparency;
- Enhance public access to information;
- Improve management of public resources; and
- Give the public a more active voice in U.S. government policymaking.

Signing onto the EITI initiative furthers these objectives by creating additional “sunshine” for the process of collecting revenues for natural resource extraction. In obtaining EITI candidate status for the United States in March 2014, the U.S. Multi-stakeholder Advisory Committee has provided an example and hope for how we can collaboratively address complex issues of national concern where each stakeholder has a voice and an opportunity to shape the outcome for our collective benefit.

There are several ongoing domestic and international initiatives/priorities that link to America’s ongoing commitment to EITI. These initiatives include, Presidential Memorandum for a Transparent and Open Government, The Open Government Partnership, Dodd-Frank Act, and Project Open Data.

On President Obama’s first day in office he signed the Memorandum on Transparency and Open Government. In the memo President Obama announced that the administration was committed to creating an unprecedented level of openness in Government. He directed the federal workforce to ensure the public trust and establish a system of transparency, public participation, and collaboration. Openness will strengthen our democracy and promote efficiency and effectiveness in Government.

Nowhere is transparency more important than in the management, development, and collection of revenues from energy and minerals in our public lands and oceans. The creation of ONRR in 2010 was a step in that direction, and coupled with EITI pushes the United States to become an international leader in natural resource management. The 2010 creation of ONRR separated the revenue collection and distribution from other DOI agencies managing extractives natural resources. As a result of its Strategic Review and the continuous improvement process, ONRR developed a proposed Policy directive: the Department of the Interior’s Energy Leasing, Production Verification, and Related Revenue Collection

² National Objectives reflect priorities advanced in the 2011 and 2013 Open Government National Action Plan for the United States of America.

Coordination Policy. The purpose of the policy is to establish common standards and methods for creating and sustaining the efficient and effective working relationships necessary to promote accountability in a) providing accurate energy and minerals related data, b) accounting for the associated revenues, and c) identifying areas of improvement in terms of processes, outcomes, and investment. The policy also helps to address concerns from Government Accountability Office about the collaborative relationships among the offices within the Department of Interior and about the effectiveness of those relationships.

The Open Government Partnership (OGP) is a multilateral initiative that aims to secure concrete commitments from governments to promote transparency, empower citizens, fight corruption, and harness new technologies to strengthen governance. In the spirit of multi-stakeholder collaboration, OGP is overseen by a Steering Committee including representatives of governments and civil society organizations. To become a member of OGP, participating countries must endorse a high-level Open Government Declaration; deliver a country action plan developed with public consultation, and commit to independent reporting on their progress going forward. The Open Government Partnership formally launched on September 20, 2011, when the 8 founding governments (Brazil, Indonesia, Mexico, Norway, the Philippines, South Africa, the United Kingdom and the United States) endorsed the Open Government Declaration, and announced their country action plans. In just two years, OGP has welcomed the commitment of 56 additional governments to join the Partnership. In total, OGP participating countries have made over 1,000 commitments to make their governments more open and accountable.³

USEITI is consistent with the goals and standards established in the first, second, and third U.S. National Action Plans for the Open Government Partnership. The Administration committed, in the first U.S. OGP National Action Plan to:

- Implement the EITI to ensure that taxpayers receive every dollar due for extraction of our natural resources, building on reforms in the management of our natural resources; and
- Work in partnership with industry and citizens to develop a plan to disclose relevant information, creating additional “sunshine” for the process of collecting revenues from natural resource extraction and enhancing the accountability and transparency of our revenue collection efforts.

In the second US OGP National Action Plan, the U.S.:

- Continued to work toward EITI candidacy, including seeking public comment and feedback on the Federal Government’s candidacy application; and
- Committed to publish the first United States EITI report in 2015 and to achieve EITI compliance in 2016.

In the third US OGP National Action Plan, the U.S. proposes to:

- Advance the MSG defined tiers of subnational engagement:
 - Establish a point of contact(s) in State and Tribal government.
 - Formally nominate a State or Tribal Member(s) to the USEITI MSG, and
 - Work with State and Tribal government to undertake enhanced opt-in to integrate information into the USEITI Report.

³ <http://www.opengovpartnership.org/about>

- Create and implement a process to conduct stakeholder outreach and assessment of issues related to disclosure of forestry revenues;
- Implement project-level reporting consistent with Section 5.2e of the EITI Standard, and
- Develop an MSG-approved definition of beneficial ownership that falls in line with the EITI standard definition.

In doing so the Administration also committed to:

- Disclose additional revenues on geothermal and renewable energy;
- Unilaterally disclose all payments received by the U.S. Department of Interior;
- Create a process to discuss future disclosure of forestry revenues; and
- Promote the development of innovative open data tools that make extractive data more meaningful for and accessible to the American people.

The U.S. implementation of the EITI standards affords the government a unique opportunity to leverage on-going revenue reforms with a consensus-based multi-stakeholder process that informs the government and also reinforces the spirit of collaboration and mutual respect among stakeholders. This is a key opportunity for improving relations between industry and the public and building public trust around resource governance.

The Dodd-Frank Wall Street Reform and Consumer Protection Act contains provisions that "require each resource extraction issuer to include in an annual report... any payment made by the resource extraction issuer, a subsidiary ... or an entity under the control of the resource extraction issuer to a foreign government or the Federal Government for the purpose of the commercial development of oil, natural gas, or minerals..."⁴

In support of the USEITI commitment to transparency and public engagement, the DOI Natural Resources Revenue Data Portal, designed and deployed in 2014 provides a valuable resource for data about the extractive industry in the United States. The development of the website aligns with the principles of this Administration's Project Open Data and is consistent with the goals and standards established by the U.S. National Action Plan for the Open Government Partnership. Project Open Data is an online, public repository intended to foster collaboration and promote the continual improvement of the Open Data Policy. The United States wants to foster a culture change in government where we embrace collaboration and where anyone can help us make open data work better.⁵ The design is for information that is easy to find and use for both specialists and non-specialists. The goal is to develop a robust website to include both curated content and raw data that will inform the national and international conversation around extractive industries revenue. With the release of the 2015 USEITI report a significant amount of information will be available online in the interactive report. The website, which will continue to evolve, provides a valuable resource for data and information analysis and visualizations that can be readily understood and accessed by the public for re-use through social media and other applications, thus informing the debate on the extractives industry.

⁴ <http://www.sec.gov/info/smallbus/secg/resource-extraction-small-entity-compliance-guide.htm>

⁵ <http://www.whitehouse.gov/blog/2013/05/16/introducing-project-open-data>

3. FUNDING & RESOURCE CONSTRAINTS

Funding Required for the FACA Committee

Per the USEITI Advisory Committee Charter, the financial support for the Committee is provided by ONRR. The committee charter specifies available funding of \$775,000 annually. This estimated amount includes funding for:

- MSG Committee meetings;
- Travel of MSG members to MSG meetings;
- Use of a process facilitator to support the collaborative nature of the international EITI requirements;
- Production of the USEITI report; and
- The cost associated with the Independent Administrator as mandated by the international EITI requirements.

ONRR has dedicated four equivalent full-time employees to the USEITI Secretariat for supporting the MSG and the implementation of USEITI. In addition, representatives from multiple government agencies are supporting the USEITI initiative as MSG members, advisors and subject matter experts.

4. WORKPLAN

The USEITI has established primary goals for 2016. US EITI's primary goals are to:

- Review, discuss and decide upon 2015 IA recommendations on the 2016 report's materiality threshold, reconciliation approach, revenue streams, margins of variance, and reporting template;
- Explore means to increase 2016 tax reporting and consider implications of SEC 1504 regulations issued for final public comment in December 2015;
- Advance tribal and state opt-in, explore opt-in with one or a few states and tribes as pilots and include tribal case studies in Contextual Narrative;
- Implement project level reporting for unilateral disclosure by DOI by December 2016.

US EITI will secondarily also:

- Discuss a process for the inclusion of forestry in future USEITI reports;
- Explore a process for company project level reporting and reconciliation post the SEC final rule.

In order to achieve these goals and fulfill international standards, USEITI will also:

- Review and Affirm the MSG charter;
- Hold three MSG meetings that are open to the public and facilitated by a neutral third party (EITI Requirement 1);
- Prepare the 2016 Annual Activity report;
- Work with the Independent Administrator as agreed in the Terms of Reference to ensure the Reconciliation Report and 2016 USEITI Report are consistent with the EITI requirements (EITI Requirements 5 and 6);
- Continue to refine and implement a 2016 Communications and Outreach plan (EITI Principles of transparency, accountability and engagement);

- Enhance and maintain an on-line, interactive data portal for federal natural resource revenue contextual information and the ONRR unilateral disclosure that captures 100% of Department of the Interior “in scope” revenues. The publicly sourced narrative and unilateral disclosure are significant improvements to the information that is currently available to the public (EITI Requirement 6).

An integral part of the implementation process is public outreach to encourage industry involvement in the EITI process, encourage the states and U.S. tribal governments to participate in the process, keep Congress informed on U.S. implementation efforts and educate all stakeholders about the benefits of U.S. implementation of EITI. As noted earlier in this document the USEITI communication and outreach strategy is ongoing and amended as per MSG direction.

The key purposes of USEITI communications and outreach are to:

- Increase awareness and dissemination of the 2015 USEITI report;
- Increase public awareness of the EITI and its benefits;
- Update stakeholders on status of USEITI;
- Notify stakeholders of upcoming events;
- Build credibility for the USEITI process and its products;
- Encourage and secure participation in USEITI from all stakeholders, especially industry, state governments and tribal governments;
- Highlight industry’s contributions to the economy at the federal, state, and local level;
- Encourage voluntary compliance by relevant corporations with the USEITI process;
- Engage and involve subnational entities, such as states and tribes in the USEITI; and
- Request meetings or briefings.